



DEPARTMENT OF AGRICULTURE AND FOOD, STATE FUNDS REDUCTION CONCEPTS

NATURAL RESOURCES, AGRICULTURE, & ENVIRONMENTAL QUALITY APPROPRIATIONS SUBCOMMITTEE
STAFF: IVAN DJAMBOV & ALEXANDER WILSON

ISSUE BRIEF

We have been asked to provide a list of suggestions that could potentially reduce the appropriations from the General Fund to agencies overseen by the Natural Resources, Agriculture, and Environmental Quality Appropriations Subcommittee. This list was intended to be used as a starting point for committee's discussions and potential legislative actions.

We used the assumption that although the agencies overseen by this appropriations subcommittee are generally very efficient, there are additional ways to reduce the state appropriations, while allowing the public to receive the needed services. For example, in some instances a portion of the state funds can be replaced with other funding sources, such as user fees. Also, some of the functions currently performed exclusively by state entities can be done by private companies or other government entities if the statute would allow and if proper oversight be put in place.

We identified the following general categories where such potential state fund reductions could be made. For additional explanations and examples of these categories, please see Appendix A.

1. **User fees:** replace a portion of the General Fund appropriations with user fees.
2. **Increase self-checking and self-reporting:** require a greater portion of the inspections and testing currently done by state employees to be transferred to the regulated industry/public, who may be required to self-report or to hire a third-party for verifications.
3. **Allow competition:** allow private or other government organizations to compete against each other and the state for services currently provided solely by state agencies.
4. **Outsource services:** contract with private or other government entities to take over the services currently provided by state agency.
5. **Eliminate government intervention:** some services can be provided through delegated standards without a formal structure of state government directly involved. This puts the burden on the industry to provide the services while still allowing the state to set the standards.

The tables below list the programs of the line items in the Department of Agriculture and Food and show the funding mix, expenditure categories, and staff and vehicles count by program.

In the first table, which shows the FY 2019 amounts by funding source (as included in the [Base Budget Bill, H.B. 5](#)), we have assigned in the first column (titled "Possible Action") one or more of above categories to the programs where applicable.

FY 2019 Base Budget by Program and Funding Mix

Line	Possible Action		Programs by Line Item	State Funds	Federal Funds	Dedicated Credits	Restricted, Ent.	Restricted	Transfers	Pass-Thru
1			Administration							
2	User fees		Chemistry Laboratory	959,600	14,600					
3	User fees		General Administration	2,210,200	468,100	91,000		30,400	57,200	
4			Sheep Promotion					30,000		
5			Utah Horse Commission	2,300				21,700		
6			Agriculture Loan Programs							
7			Agriculture Loan Program				439,000			
8			Animal Health							
9	User fees	More Self-Checking	Animal Health	1,699,700	394,300	95,100			3,900	
10			Auction Market Veterinarians			72,700				
11	User fees	Allow Competition	Brand Inspection	724,000				1,140,200		
12	User fees	Allow Competition	Meat Inspection	893,700	1,254,100	2,000				
13			Building Operations							
14	User fees		Building Operations	356,600						
15			Invasive Species Mitigation							
16	User fees		Invasive Species Mitigation	2,006,200						
17			Marketing and Development							
18	User fees	Outsource Services	Marketing and Development	797,000		21,300				
19			Plant Industry							
20			Environmental Quality		1,545,900				1,200	
21	User fees	Allow Competition	Grain Inspection	161,600		304,700				
22	User fees		Grazing Improvement Program	700,700	100,000	645,200	198,200		332,500	
23			Insect Infestation		259,600	235,100			48,700	
24			Plant Industry	(139,900)	1,936,500	1,486,800				173,700
25			Predatory Animal Control							
26	User fees	Allow Competition	Predatory Animal Control	842,600				666,300	711,300	
27			Rangeland Improvement							
28	User fees		Rangeland Improvement	1,500,200						

Line	Possible Action		Programs by Line Item	State Funds	Federal Funds	Dedicated Credits	Restricted, Ent.	Restricted	Transfers	Pass-Thru
29			Regulatory Services							
30	User fees	Allow Competition	Regulatory Services	2,182,100	571,300	2,272,500			1,300	56,800
31			Resource Conservation							
32			Conservation Commission	11,900						
33			Resource Conservation	1,093,700	411,600		659,600		355,900	
34			Resource Conservation Administration	212,200			366,800			
35			Salinity Offset Fund							
36			Salinity Offset Fund						144,900	
37			Utah State Fair Corporation							
38	User fees		State Fair Corporation			3,592,400				

Many of the programs in the Department of Agriculture and Food are regulatory in nature. The Legislature may consider reviewing each one of them during the interim and identify some that may be adjusted to allow the inspections to be performed by authorized third parties who could charge a fee for the services. In addition, the Legislature may want to see if some of the current department responsibilities could be outsourced to qualified private or other government entities. This could subsequently lead to a reduction in the appropriations of state funds.

In some instances, user fees could be used to offset a portion of the current appropriations from the General Fund to department programs, such as the Chemistry Laboratory, the Animal Health Program, the Marketing and Development Program, or the Meat Inspection Program.

Would the committee like to pursue any of these possibilities and direct staff to get more information?

DEPARTMENT OF AGRICULTURE AND FOOD, STATE FUNDS REDUCTION CONCEPTS

The following pages contain details about the expenditures, FTE and Vehicles counts by program, as well as descriptions for each program, in order to provide a better understanding of what is currently budgeted to be "purchased" with the appropriations for FY 2019 in the Base Budget Bill.

Expenditures

Line	Programs in Line Item	Personnel Services	In-state Travel	Out-of-state Travel	Current Expense	DP Current Expense	Pass Thru
1	Administration						
2	Chemistry Laboratory	790,900	0	7,500	174,200	1,600	0
3	General Administration	1,792,300	15,400	23,000	159,000	809,700	496,500
4	Sheep Promotion				0		30,000
5	Utah Horse Commission	0	0				24,000
6	Agriculture Loan Programs						
7	Agriculture Loan Program	281,400	2,000	1,300	129,400	2,900	22,000
8	Animal Health						
9	Animal Health	1,155,000	3,800	15,700	836,800	43,400	669,100
10	Auction Market Veterinarians				72,700		
11	Brand Inspection	1,447,800	78,600	6,600	243,300	87,900	
12	Meat Inspection	1,913,100	3,000	20,600	208,000	5,100	
13	Building Operations						
14	Building Operations				356,600		
15	Invasive Species Mitigation						
16	Invasive Species Mitigation	120,000	1,000	2,000	3,100		2,880,100
17	Marketing and Development						
18	Marketing and Development	479,400	1,000	3,000	310,300	32,100	60,000
19	Plant Industry						
20	Environmental Quality	126,700	1,600	4,700	15,600	2,900	1,395,600
21	Grain Inspection	399,700			64,800	1,800	0
22	Grazing Improvement Program	662,500	3,000	1,300	18,400	5,100	1,286,300
23	Insect Infestation	432,000	3,700	4,400	65,300	2,000	36,000
24	Plant Industry	2,308,600	21,700	35,700	929,400	25,300	908,400
25	Predatory Animal Control						
26	Predatory Animal Control	1,266,500	24,000		428,200	1,500	725,000
27	Rangeland Improvement						
28	Rangeland Improvement	200,000	8,700		30,400	900	2,260,200
29	Regulatory Services						
30	Regulatory Services	4,158,100	59,500	53,400	450,100	1,032,500	182,400
31	Resource Conservation						
32	Conservation Commission		9,600		2,300		
33	Resource Conservation	2,045,800	86,900		195,300	3,200	189,600
34	Resource Conservation Administration	477,000	2,400	2,700	92,900	1,000	153,000
35	Salinity Offset Fund						
36	Salinity Offset Fund				0		1,144,900

Staff and Vehicles

Line	Programs in Line Item	FTE	Vehicles
1	Administration		
2	Chemistry Laboratory	9	
3	General Administration	18	2
4	Agriculture Loan Programs		
5	Agriculture Loan Program	3	1
6	Animal Health		
7	Animal Health	11	3
8	Brand Inspection	24	21
9	Meat Inspection	28	20
10	Invasive Species Mitigation		
11	Invasive Species Mitigation	1	
12	Marketing and Development		
13	Marketing and Development	5	1
14	Plant Industry		
15	Environmental Quality	1	0
16	Grain Inspection	7	1
17	Grazing Improvement Program	9	8
18	Insect Infestation	10	10
19	Plant Industry	30	15
20	Predatory Animal Control		
21	Predatory Animal Control	18	17
22	Rangeland Improvement		
23	Rangeland Improvement	3	
24	Regulatory Services		
25	Regulatory Services	58	32
26	Resource Conservation		
27	Resource Conservation	34	7
28	Resource Conservation Administration	5	1

Programs Descriptions

Animal Health

The aim of the Animal Health program is to maintain the disease-free status and promote the marketability of Utah animals and to protect public health. This benefits the animals, the livestock industry, and the public. The program administers various state and federal cooperative disease control programs. It monitors animal imports to the state, reviews all Certificates of Veterinary Inspection, contracts with local veterinarians for inspections, and inspects aquaculture facilities, slaughter plants, brine shrimp plants, dog food plants, etc. A staff of veterinarians and professionally-trained inspectors carries out most of the work. Homeland security is a significant aspect of the program. The law further provides quarantine powers to the Commissioner to prevent the spread of contagious or infectious diseases. The aim of the Animal Health program is to maintain the disease-free status and promote the marketability of Utah animals and to protect public health. This benefits the animals, the livestock industry, and the public. The program administers various state and federal cooperative disease control programs. It monitors animal imports to the state, reviews all Certificates of Veterinary Inspection, contracts with local veterinarians for inspections, and inspects aquaculture facilities, slaughter plants, brine shrimp plants, dog food plants, etc. A staff of veterinarians and professionally-trained inspectors carries out most of the work. Homeland security is a significant aspect of the program. The law further provides quarantine powers to the Commissioner to prevent the spread of contagious or infectious diseases.

Auction Market Veterinarians

There are six auction markets held throughout the state. A veterinarian inspects all animals that pass through the market.

Brand Inspection

The Brand Inspection program was established to keep the loss of livestock through theft and stray to a minimum. Field and auction inspectors check all cattle and horses prior to sale, slaughter, or movement across state lines. The program also maintains a brand recording system, so that ownership of animals can be readily determined through a master brand identification book. The brand book is published every five years. This program is also responsible for the monitoring and regulating elk farming, and private elk hunting. Livestock inspectors ensure animal identification, theft protection, genetic purity, and disease control. Domestic elk are now included in the department's definition of livestock.

Chemistry Laboratory

The Chemistry Laboratory provides analytical support and services for the various divisions of the Department of Agriculture and Food. Analysis may also be performed for other agencies, as long as it does not interfere with work required by the department. In all cases, the purpose of the work is to ensure that products comply with label guarantees, are free of pathogens and toxins, and to protect the consumer, farmer, and industry. Some of the products tested include feed, fertilizer, pesticides, meat and meat products, dairy products, food, groundwater, and other items as needed.

Conservation Commission

The mission of the Utah Conservation Commission: "Protect, conserve and utilize the natural resources of the state by developing and implementing cost effective programs." The funding appropriated to this program is used mainly for the per diems of seven Conservation District supervisors who sit on the Conservation Commission. Each Conservation District has five locally elected individuals serving as supervisors, from whom the members of the Conservation Commission are chosen.

Environmental Quality

The Environmental Quality program provides incentive-funding assistance to farmers and ranchers to voluntarily implement structural and management practices which help prevent animal waste and soil sediment from entering the state's water in priority watersheds. Funds are also used in conjunction with private and other government resources. This program is divided into three areas: Watershed Management, Groundwater Management, and Information and Education. Assistance is given to farmers and ranchers to meet the mandates of the federal Clean Water Act and the water quality rules of the State of Utah. The conservation arm of this program helps farmers and ranchers protect the state's soil and water resources through soil conservation and water quality programs, coordination of the ARDL (Agriculture Resource Development Loan) program, the EPA 319 Water Quality program, rangeland monitoring, and a groundwater monitoring program.

General Administration

The Department of Agriculture and Food's General Administration program ensures that all financial transactions are performed according to state laws and procedures. Other responsibilities include budgeting, human resource management, information technology services, establishment of department policies, federal grant administration, and other accounting functions.

Grain Inspection

All grain may be officially inspected and graded to U.S. standards and the Grain Inspection staff provide these services. Being funded mostly by Dedicated Credits (fees for service), the program has some flexibility to adjust its size to meet the demands of the industry.

Grazing Improvement Program

The goal of the Grazing Improvement Program (GIP) is to incorporate the most effective use of federal, state, and private land. Staff works with landowners to identify what activities would allow the land to be profitable and remain environmentally strong.

Insect Infestation

Insect Infestation staff perform insect and invasive species surveys. State law mandates an effective control of insects that are harmful to agricultural production in Utah. The law further provides quarantine powers to the Commissioner of Agriculture to prevent the spread or invasion of plant pests and disease.

Meat Inspection

Utah's Meat Inspection program ensures that meat and poultry coming from state-inspected facilities is safe, wholesome, and correctly labeled and packaged. The program staff inspects and regulates raw beef, pork, lamb, chicken, and turkey, as well as ready-to-eat and other processed products. Inspectors test for the presence of pathogens, toxins, drugs and chemical residues. Inspections are done before and after slaughter. Facilities are inspected for cleanliness and sanitation.

Plant Industry

The Plant Industry program performs a wide scope of inspection, regulatory and enforcement activities, including: pesticide product registration; fertilizer product registration and sampling; nursery licensing and inspection; inspection and grading of fresh fruits and vegetables; USDA Restricted Use pesticide record auditing; Utah Noxious Weed Act enforcement; animal feed product registration and sampling; and seed inspection and sampling. District compliance specialists perform inspections and regulatory functions throughout the state. Seasonal personnel are employed as needed. Office personnel are utilized to handle the registrations and licensing for the division. The pesticide program includes applicator certification, pesticide enforcement, worker protection standards, endangered species protection, and groundwater protection.

Resource Conservation

The Resource Conservation program channels funds (pass-through) by direct payment of contracts to individual Conservation Districts (CD) to fulfill their statutory duties relative to soil and water conservation. CDs have no taxing authority. They depend on the Conservation Commission for their board of directors, elections, and accountability.

Resource Conservation Administration

The Resource Conservation Administration program assists the Conservation Commission in the administration of the Conservation Commission Act (UAC 4-18) and administer and disburse any funds which are available for the purpose of assisting conservation districts" by providing administrative support to the Conservation Commission. During even-numbered years, elections are held in each of the 38 conservation districts. Funds are provided each year, but are held during non-election years as nonlapsing.

Sheep Promotion

The Department of Agriculture and Food contracts with the Utah Wool Growers Association to conduct promotional and educational programs. Statistical data and market information are presented to all woolgrowers comparing market price of lambs in Utah with other areas of the country so that the best market decisions might be made. Department representatives meet with woolgrowers on regular basis to help stimulate and strengthen sheep and wool producer programs by discussing problems facing the industry and the alternatives necessary to solve them.

Utah Horse Commission

The Utah Horse Commission provides a regulatory structure for horse racing, administers rules and regulations, issues licenses, collects license fees, sanctions tracks and pays for approved expenses such as: Stewards (the commission may designate three stewards at each race meet to enforce rules); Veterinarians; Blood and urine testing; and Assistance with insurance and other items mandated by statute.

Appendix A

1. **User fees:** replace a portion or all the General Fund appropriations with user fees. This will allow the state entity to continue the same level of services and staffing, while reducing the general tax dollars. It may or may not mean increasing fees to generate more revenue with which to replace the General Fund. An example of this is the Division of Parks and Recreation shifting the majority of its finding from the General Fund to parks visitors' fees.
2. **Increase self-checking and self-reporting:** require a greater portion of the inspections and testing currently done by state employees to be transferred to the regulated industry/public, who may be required to self-report or to hire a third-party for verifications. This would potentially reduce the workload of the state agency, which would result in reduction in state staff and travel expenses. This could be similar to reporting and paying income taxes. The individual or corporation self-reports, with the understanding that reports are enforced through audits. Another example of this is the elimination of the state-mandated vehicle safety inspections for vehicle registration.
3. **Allow competition:** allow private or other government organizations to compete against each other and the state for services currently provided solely by state agencies. Competition could breed innovation and increase the quality of services and/or reduce the costs to the industry/public paying for the services. An example of this is the Organic certification process.
4. **Outsource services:** contract with private or other government entities for the services currently provided by state agency. Initially, the costs may remain the same, but it could be reduced over time, as competition to provide the services increases. Many services in state government are provided through contracting, and perhaps more could be. Examples of this is UDOT and road construction and This Is The Place Foundation managing the heritage park.
5. **Eliminate government intervention:** some services can be provided through delegated standards without being a formal structure of state government. This puts the burden on the industry to provide the services while still allowing the state to set the standards. An example of this is industry certifications and industry standards, such as the Certified Public Accountant (CPA) and the Governmental Accounting Standards Board (GASB).